



NOTES :

Note 1 Basis of Preparation

The quarterly report is unaudited and has been prepared in accordance with FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The quarterly report should be read in conjunction with the Group’s audited financial statements for the year ended 31 July 2015. These explanatory notes attached to the quarterly report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 July 2015.

Note 2 Changes in Accounting Policies

The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 July 2015, except for the adoption of the following standards and amendments and interpretations which are relevant to the Group for the financial year beginning 1 August 2015:

FRS effective for financial periods beginning on or after 1 January 2016

- Annual Improvements to FRSs 2012 - 2014 Cycle
- Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to FRS 10, FRS 12 and FRS 128: Investments Entities – Applying the Consolidation Exception
- Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 101: Disclosure Initiatives
- Amendments to FRS 127: Equity Method in Separate Financial Statements
- FRS 14 Regulatory Deferral Accounts

The adoption of the above standards and amendments are not expected to have any material impact on the financial statements of the Group.

Note 3 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 July 2015 was not qualified.

Note 4 Seasonal or Cyclical factors

Timber operations are, to a certain extent, affected by weather condition especially for logging operations. In addition, the four seasons also had some impact on the buying patterns of traditional buyers of timber products.



Note 5 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the period under review.

Note 6 Changes in Estimates

There were no changes in estimates that have had a material effect on the results of the Group for the period under review.

Note 7 Debt and Equity Securities

During the financial year-to-date, 100 shares of RM 1.00 each were purchased and retained as treasury shares. The monthly breakdown of shares bought back were as follows:

Month	No. of shares	Purchase price per share		Average price per share RM	Total cost RM
		Lowest RM	Highest RM		
September 2015	100	1.62	1.62	1.62	203
TOTAL	100	1.62	1.62	1.62	203

All the shares purchased to-date were held as treasury shares in accordance with the requirements of Section 67A of the Companies Act 1965. There has been no resale or cancellation of treasury shares during the period under review.

Apart from the above, there were no issuances and repayments of debt and equity securities for the period under review.

Note 8 Dividends Paid

There were no dividends paid during the period under review.

Note 9 Segmental Information

Segmental revenue and profit before taxation for the current financial year-to-date and preceding year corresponding period by the respective operating segments as follows:

	Financial year-to-date ended			
	31.01.2016		31.01.2015	
	Revenue	Profit/(Loss) Before Tax	Revenue	Profit/(Loss) Before Tax
	RM'000	RM'000	RM'000	RM'000
Timber	278,995	(2,991)	423,075	7,468
Plantation	27,534	5,681	23,147	(3,241)
Others	146	(2,484)	11	(190)
	<u>306,675</u>	<u>206</u>	<u>446,233</u>	<u>4,037</u>



Note 9 Segmental Information (cont'd)

The Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

The timber segment is involved in extraction, sale of logs, subcontractor for tree planting (reforestation), manufacturing and trading of plywood, particleboard, sawn timber, charcoal and supply of electricity for its manufacturing activities.

The plantation segment is involved in cultivation of oil palm and sales of fresh fruit bunch.

The others segment is involved in sales of grocery, manufacturing and trading of drinking water, provision of towage and transportation services, insurance services, property holding and development.

Note 10 Valuations of Property, Plant and Equipment

There has been no valuation undertaken for the Group's property, plant and equipment since the last annual financial statements.

Note 11 Subsequent Events

On 3 February 2016, the Company acquired 100% equity interest in LX Photonics Sdn. Bhd. ("LXPSB"), a company incorporated in Malaysia, for a total cash consideration of RM2. LXPSB is currently a dormant company and its intended principal activity is trading of lighting related products and equipments.

Note 12 Changes in the Composition of the Group

On 23 December 2015, the Company acquired 100% equity interest in Subur Global Pte. Ltd. ("SGPL"), a company incorporated in Singapore, for a total cash consideration of SGD1. SGPL is currently a dormant company and its intended principal activity is general trading and business and management consultancy services.

Note 13 Changes in Contingent Liabilities and Contingent Assets

The contingent liabilities represent corporate guarantees in respect of banking facilities granted to subsidiary companies.

The amount of banking facilities utilised which were secured by corporate guarantees increased by RM43,738,000 from RM213,210,000 as at 31 July 2015 (last annual balance sheet) to RM256,948,000 as at 31 January 2016.



Note 14 Capital Commitments

	As at 31.01.2016 RM'000	As at 31.07.2015 RM'000
Approved and contracted for	23,884	26,275
Approved but not contracted for	4,020	5,672
	<u>27,904</u>	<u>31,947</u>
Analysed as follows:		
Property, plant and equipment	25,466	25,730
Investment properties	2,438	6,217
	<u>27,904</u>	<u>31,947</u>

Note 15 Review of Performance

(a) Comparison of Results with Previous Corresponding Quarter

For the quarter ended 31 January 2016, the Group recorded revenue of RM161.47 million and loss before tax of RM0.81 million as compared to revenue of RM229.97 million and loss of RM3.98 million respectively in the previous corresponding quarter.

The lower loss before tax was mainly due to:

- better average export selling price across all timber and timber products supported by strong US Dollar against Ringgit Malaysia
- higher export sales volume of logs
- cost reduction from plantation segment due to increase in harvested volume of FFB
- growth in Fresh Fruit Bunch (FFB) average price

(b) Comparison of Results with Previous Year-to-date

For the financial year-to-date, the Group registered revenue of RM306.68 million and profit before tax of RM0.21 million as compared to revenue of RM446.23 million and profit of RM4.04 million in the preceding year corresponding period.

The lower profit was mainly due to:

- decrease in export sales volume despite better average export selling price across all timber and timber products supported by strong US Dollar against Ringgit Malaysia
- higher raw material cost for timber and timber products

Note 16 Variation in the Quarterly Results Compared to the Results of the Immediate Preceding Quarter

The Group's revenue increased by 11% from RM145.21 million in the immediate preceding quarter to RM161.47 million in the current quarter. The Group reported loss before tax of RM0.81 million as compared to profit before tax of RM1.02 million in the immediate preceding quarter. The variance was primarily due to lower profit contribution from oil palm segment as a result of lower FFB production by 38% and higher unit logging operational cost resulting from lower volume of logs harvested during the monsoon season.



Note 17 Commentary on Prospects

In 2016, a modest and uneven recovery in global economy is expected to continue. The ongoing slowdown and rebalancing of the Chinese economy, lower commodity prices and gradual tightening in monetary policy in the United States will continue to influence the global outlook.

Nevertheless, in view of prevailing tight logs supply, timber prices are expected to sustain. The strong US Dollar against Ringgit Malaysia will continue benefiting our export sales which are predominantly in US Dollar.

The oil palm plantation segment is expected to contribute positively to the Group with the quantum of contribution closely dependent on the movement of CPO price which is also correlated to the movement of world edible oil and related markets. The current low palm oil output season due to the effect of El Nino. The official launch of biodiesel mandate in Indonesia and the expected implementation of the biodiesel B10 mandate by Malaysian Biodiesel Association will firm up the CPO prices.

The Group adopts a resilient business model and is committed to strategic streamlining of its operations, maximizing the utilization of resources, optimizing the integrated supply chain and branding its competitive edge while gearing towards achieving sustainable long term growth.

Note 18 Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes on the variation of actual profit after tax and profit forecast and shortfall in profit guarantee are not applicable.

Note 19 (Loss)/Profit Before Taxation

Profit before taxation was derived after taking into consideration of the following:

	Quarter ended		Financial year-to-date ended	
	31.01.2016	31.01.2015	31.01.2016	31.01.2015
	RM'000	RM'000	RM'000	RM'000
Amortisation and depreciation	24,679	26,390	51,716	52,690
Property, plant and equipment written off	518	76	519	190
Impairment of property, plant and equipment	-	(314)	-	-
Reversal of inventory written down	(921)	-	(921)	(688)
Interest expenses	4,484	3,565	8,273	6,638
Interest income	(262)	(270)	(452)	(643)
(Gain)/loss on disposal of property, plant and equipment	(471)	2,146	(468)	2,100
Rental income	(61)	(100)	(124)	(229)
(Reversal of loss)/fair value loss on derivative financial instrument	-	(562)	-	96
Loss/(Gain) on foreign exchange				
- realised	284	(1,966)	(1,864)	(6,338)
- unrealised	2,566	788	1,032	(269)



Note 20 Taxation

The Group's taxation for the period under review was as follows:

	Quarter ended		Financial year-to-date ended	
	31.01.2016 RM'000	31.01.2015 RM'000	31.01.2016 RM'000	31.01.2015 RM'000
Income tax:				
Current period provision	1,534	1,374	2,355	6,207
Deferred tax:				
Current period provision	(541)	(2,915)	(415)	(5,419)
	<u>993</u>	<u>(1,541)</u>	<u>1,940</u>	<u>788</u>

Income tax expense is recognised in each quarter based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

Note 21 Status of Corporate Proposals

There were no outstanding corporate proposals that have been announced but not completed as at the date of this announcement.

Note 22 Borrowings and Debt Securities

		As at 31.01.2016 RM'000	As at 31.07.2015 RM'000
Short term borrowings:			
Unsecured	- Bankers' acceptance	59,921	23,670
	- Revolving credit	271,000	180,000
Secured	- Term loans	17,217	18,975
	- Hire purchase obligations	56,282	57,349
		<u>404,420</u>	<u>279,994</u>
Long term borrowings:			
Secured	- Term loans	79,114	87,102
	- Hire purchase obligations	41,976	69,918
		<u>121,090</u>	<u>157,020</u>
Total borrowings		<u>525,510</u>	<u>437,014</u>

There were no borrowings denominated in foreign currency.



Note 23 Fair Value of Financial Liabilities

The Group has entered into forward foreign exchange contracts to limit its exposure on foreign currency receipts, when it is deemed necessary.

As at 31 January 2016, there was no outstanding foreign exchange contracts.

There was no significant change for the financial derivatives in respect of the followings since the last financial year ended 31 July 2015:

- (a) the credit risk, market risk and liquidity risk associated with these financial derivatives;
- (b) the cash requirements of the derivatives;
- (c) the policies in place for mitigating or controlling the risks associated with these financial derivative; and
- (d) the related accounting policies.

Note 24 Profit/Loss Arising from Fair Value Changes of Financial Liabilities

There were no gains or losses arising from fair value changes of financial liabilities for the current quarter ended 31 January 2016.

Note 25 Realised and Unrealised Profits/Losses Disclosure

	As at 31.01.2016 RM'000	As at 31.07.2015 RM'000
Total retained profits of Subur Tiasa Holdings Berhad and its subsidiaries:		
- Realised	488,524	476,672
- Unrealised	(1,003)	1,030
	<u>487,521</u>	<u>477,702</u>
Less: Consolidation adjustments	(10,470)	1,083
Total Group retained profits as per consolidated accounts	<u><u>477,051</u></u>	<u><u>478,785</u></u>

Note 26 Changes in Material Litigation

There was no pending material litigation as at the date of this announcement.

Note 27 Dividend Payable

The Board of Directors did not declare any dividend for the quarter ended 31 January 2016 (previous corresponding period: Nil).



Note 28 Earnings/(Loss) Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	Quarter ended 31.01.2016	Financial year- to-date ended 31.01.2016
Loss for the period attributable to ordinary equity holders of the Company (RM'000)	(1,806)	(1,734)
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	188,124	188,124
Basic loss per share (Sen)	(0.96)	(0.92)

(b) Diluted earnings per share

N/A

Note 29 Authorisation for Issue

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 March 2016.